GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:3439
ANSWERED ON:14.08.2000
NATIONAL LONG DISTANCE TELEPHONE
GULAM MEHMOOD BANATWALLA

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Telecom Regulatory Authority of India (TRAI) has made any recommendations allowing private sector in the field of National Long Distance Telephone;

(b) if so, the details thereof alongwith its terms and conditions;

(c) whether any member of the TRAI has opposed the recommendations;

(d) if so, the details thereof; and

(e) the reaction of the Government thereto?

Answer

MINISTER OF STATE FOR COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) Yes, Sir.

(b) Summary of TRAI final recommendations are given in Annex-I.

(c) One of the TRAI members has given his dissenting views.

(d) Summary of the views of dissenting member are given in Annex-II.

(e) Recommendation of TRAI are the basis for deciding the terms and conditions for opening up of National Long Distance Operators.

STATEMENT IN RESPECT OF PART (b) &(d) OF LOK SABHA UNSTARRED QUESTION NO. 3439 FOR 14TH AUGUST, REGARDING NATIONAL LONG DISTANCE TELEPHONE

ANNEXURE-I

SUMMARY OF TRAIN FINAL RECOMMENDATIONS

National Long distance operators to carry only inter-circle long distance traffic.

Limited competition with five operators (one existing Department of Telecom Services (now Department of Telecom Operations) and four new entrants).

One time Entry Fee of Rs. 500 crores. Out of this Rs. 100 Crores will be non-refundable and Rs. 400 crores to be refunded on the bais of fulfillment of network roll out obligations in three phases.

Bidding on revenue share with a prescribed floor of 7% (5% USO fund and 2% for meeting administrative costs).

Networth of only those promoters to be counted who have atleast 10% equity.

Experience in the Telecom Sector is essential. The joint venture constituents representing 30% equity should bring in their telecom experience as a service provider.

The network roll out obligation will be acceptable even if the long distance operator does not establish network for 80% short Distance Charging Areas (SDCAs) by having lesser number of POPs and by making suitable arrangement with the Access Providers.

The Department of Telecom Services (DTS) (now Department of Telecom Operations) may not be asked to pay Entry Fee but submit to the revenue sharing like other service providers.

ANNEXURE -II

SUMMARY OF DISSENT NOTE BY SHRI RAKESH MOHAN

+ NLDOs should be allowed to carry both intra-circle and inter-circle traffic.

+ There should be no limit to the number of entrants after specified pre-qualifying criteria are met.

+ The revenue sharing proportion should be specified ex ante and then should be the same for all licensees including incumbent.

+ The roll out obligations should be the same as originally recommended by the TRAI i.e. providing Points Of Presence in at least 80% of the Long Distance Charging Areas by the end of the 4th year.

+ There should be no bidding procedure for selecting new licensees. In case bidding is absolutely necessary, it should be a two stage procedure as follows:-

(i) In the first instance there be no bidding procedure and potential licensees be selected subject to the Rs. 500 crore entry fee as envisaged (Rs. 100 crore - non refundable + Rs. 400 crore- Refundable) along with the other pre-qualification conditions.
(ii) If after this procedure is undertaken the number of potential licensees exceeds 5, then bidding can be resorted to on the entry fee, with the proviso that the minimum would have to be Rs. 500 crore, and that 20% of the bid amount would have to be non refundable. The rest would be refundable on the same roll out basis as is currently envisaged for the Rs. 400 crore. All the 5 licensees selected would have to pay the highest amount bid and if necessary through a re-bid.